



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

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**MEMORANDUM**

TO: Larry Walther, Director  
Paul Louthian, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for December (FY 2017)**

DATE: January 4, 2017

Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$2,619.4 million, \$38.2 million or 1.5 percent above year ago levels. After six months into the fiscal year, net available revenue is below forecast by \$8.8 million or -0.3 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$3,035.4 million, representing an increase of \$30.9 million or 1.0 percent above last year. Gross general revenues are below forecast by \$14.7 million or -0.5 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,392.7 million, \$33.4 million or 2.5 percent above FY 2016 collections and \$2.8 million or 0.2 percent above forecast.

**Year-to-date individual income tax refunds** total \$44.4 million, down \$10.2 million or -18.6 percent compared to last year and \$4.1 million or -8.5 percent below forecast. Amounts below forecast in refund categories increase net available revenue results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,175.7 million, an increase of \$14.7 million or 1.3 percent from FY 2016 and \$32.1 million or -2.7 percent below forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$199.1 million, a decrease of \$26.1 million or -11.6 percent from year-to-date FY 2016. Corporate income is below forecast by \$10.0 million or -4.8 percent.

**Year-to-date corporate income tax refunds** total \$43.4 million, a decrease of \$6.7 million compared to the same year-to-date period last year.

## DECEMBER REVENUE SUMMARY

**December Net Available General Revenues** total \$467.4 million, \$3.2 million or 0.7 percent above last year and \$1.8 million or 0.4 percent above forecast.

December results were above forecast in Sales Tax but below forecast in Corporate and Individual Income Tax. Corporate Refunds also detracted from Net Available results during the month.

A \$6.2 million deposit from Securities Department to General Revenue was recorded in December.

Among the major categories, Sales and Use Tax collections were \$8.1 million above forecast. Individual Income Tax was \$3.1 million below forecast and Corporate Income tax collections were \$5.6 million below forecast. Corporate Refunds exceeded forecast by \$6.2 million.

Among smaller revenue sources, Tobacco was above forecast but below year ago collections. Results in Gaming revenue also exceeded forecast.

**December Gross General Revenues:** December collections total \$536.9 million, an increase of \$7.6 million or 1.4 percent above last year and \$6.5 million or 1.2 percent above forecast.

**December Individual Income Tax** collections total \$233.9 million. Collections increased by \$3.3 million, or 1.4 percent above last year. With respect to the forecast, collections were \$3.1 million or -1.3 percent below forecast. Individual withholding increased 5.1 percent compared to last year.

**December Individual Income Tax Refunds** total \$2.2 million, \$4.8 million or -68.5 percent below last year and \$1.3 million or -37.1 percent below forecast. Refund amounts below forecast add to net available fund results.

**December Sales and Use Tax Collections:** December collections total \$202.9 million, an increase of \$16.5 million or 8.9 percent above last year. Collections were above monthly forecast levels by \$8.1 million or 4.2 percent.

**December Corporate Income Tax** collections total \$62.5 million, a decrease of \$18.0 million from year ago, and -\$5.6 million below forecast.

**December Corporate Income Tax Refunds** total \$11.7 million. This amount is \$6.0 million above year ago levels. Refunds were also \$6.2 million above forecast.

**December Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$17.6 million. Collections decreased by \$1.0 million or -5.4 percent from year earlier levels and were above forecast by \$0.2 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

### **SPECIAL REVENUES OF NOTE**

**Year-to-date Soft Drink Tax (for Medicaid Program Trust Fund):** Year-to-date collections of the dedicated soft drink tax total \$23.9 million, an increase of 6.7 percent from last year.

**Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004 a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. In December 2016, \$42.0 million was collected and deposited to the fund. After deductions, the net amount is \$40.8 million. The monthly collection is equivalent to an 8.6 percent increase from prior year collections.

C: /FISCNOT/December FY 2017  
Attachment (2)

DECEMBER 2016 YEAR-TO-DATE GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 2/1/2016

MILLIONS OF \$

			CHANGE FROM FORECAST		CHANGE FROM LAST YEAR		
	ACTUAL	FORECAST	ACTUAL	DOLLAR	PERCENT	DOLLAR	PERCENT
	FY16	FY17	FY17	DIFFERENCE	DIFFERENCE	DIFFERENCE	DIFFERENCE
INDIVIDUAL INCOME	1,359.3	1,389.9	1,392.7	2.8	0.2	33.4	2.5
CORPORATE INCOME	225.2	209.1	199.1	-10.0	-4.8	-26.1	-11.6
SALES AND USE	1,161.0	1,207.8	1,175.7	-32.1	-2.7	14.7	1.3
ALCOHOLIC BEVERAGE	27.0	27.0	27.4	0.4	1.5	0.4	1.6
TOBACCO	113.1	105.2	110.2	5.0	4.8	-2.9	-2.5
INSURANCE	44.2	44.2	43.6	-0.6	-1.3	-0.6	-1.4
RACING	1.0	0.9	0.9	0.0	-2.3	-0.1	-12.7
GAMES OF SKILL	26.0	25.8	28.0	2.2	8.4	2.0	7.5
MISCELLANEOUS <sup>1</sup>	47.8	40.2	57.9	17.7	44.1	10.1	21.2
<b>TOTAL GROSS</b>	<b>3,004.5</b>	<b>3,050.1</b>	<b>3,035.4</b>	<b>-14.7</b>	<b>-0.5</b>	<b>30.9</b>	<b>1.0</b>
LESS: SCSF/COF <sup>2</sup>	96.1	97.7	97.1	-0.6	-0.6	1.0	1.0
INDIV INCOME TAX REFUNDS	54.6	48.5	44.4	-4.1	-8.5	-10.2	-18.6
CORP INCOME TAX REFUNDS	50.1	37.0	43.4	6.4	17.3	-6.7	-13.4
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	4.2	11.4	6.2	-5.2	-45.8	2.0	46.2
AMENDMENT 82 BONDS	0.0	1.1	1.1	0.0	2.4	1.1	0.0
RECYCLING EQUIP CREDIT	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WATER/SEWER BONDS	7.6	7.6	7.6	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	4.7	4.5	3.4	-1.1	-25.5	-1.3	-28.0
CITY & COUNTY TOURIST	0.5	0.4	0.4	0.0	11.0	-0.1	-15.2
SCHOOL DESEGREGATION	41.9	42.0	41.9	-0.1	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	150.4	157.8	156.7	-1.1	-0.7	6.3	4.2
EDUCATIONAL ADEQUACY	13.3	13.9	13.9	0.0	-0.3	0.6	4.2
<b>TOTAL DEDUCTIONS</b>	<b>423.4</b>	<b>421.9</b>	<b>416.1</b>	<b>-5.8</b>	<b>-1.4</b>	<b>-7.3</b>	<b>-1.7</b>
<b>NET AVAILABLE</b>	<b>2,581.2</b>	<b>2,628.2</b>	<b>2,619.4</b>	<b>-8.8</b>	<b>-0.3</b>	<b>38.2</b>	<b>1.5</b>

REVENUE FORECAST SUMMARY FOR DECEMBER

YEAR-TO-DATE GROSS                      \$ 14.7 MILLION OR 0.5% BELOW FORECAST  
YEAR-TO-DATE NET AVAILABLE            \$ 8.8 MILLION OR 0.3% BELOW FORECAST

1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.

DECEMBER 2016 GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 2/1/2016

MILLIONS OF \$

					CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
	ACTUAL	FORECAST	ACTUAL	DOLLAR	PERCENT	DOLLAR	PERCENT	
	DEC FY16	DEC FY17	DEC FY17	DIFFERENCE	DIFFERENCE	DIFFERENCE	DIFFERENCE	
INDIVIDUAL INCOME	230.6	237.0	233.9	-3.1	-1.3	3.3	1.4	
CORPORATE INCOME	80.5	68.1	62.5	-5.6	-8.2	-18.0	-22.3	
SALES AND USE	186.4	194.8	202.9	8.1	4.2	16.5	8.9	
ALCOHOLIC BEVERAGE	4.6	4.6	4.5	-0.1	-1.8	-0.1	-2.6	
TOBACCO	18.7	17.4	17.6	0.2	1.4	-1.0	-5.4	
INSURANCE	0.6	0.6	1.0	0.4	73.6	0.4	60.5	
RACING	0.1	0.1	0.1	0.0	-23.3	0.0	-38.2	
GAMES OF SKILL	4.2	4.2	4.5	0.3	7.6	0.3	8.1	
MISCELLANEOUS <sup>1</sup>	3.5	3.6	9.7	6.1	169.5	6.2	176.4	
<b>TOTAL GROSS</b>	<b>529.3</b>	<b>530.4</b>	<b>536.9</b>	<b>6.5</b>	<b>1.2</b>	<b>7.6</b>	<b>1.4</b>	
LESS: SCSF/COF <sup>2</sup>	16.9	17.0	17.2	0.2	1.1	0.2	1.4	
INDIV INCOME TAX REFUNDS	7.0	3.5	2.2	-1.3	-37.1	-4.8	-68.5	
CORP INCOME TAX REFUNDS	5.8	5.5	11.7	6.2	113.1	6.0	103.4	
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
ECON DEVEL INCENTIVE FUND	1.1	1.9	1.7	-0.2	-11.4	0.6	59.2	
AMENDMENT 82 BONDS	0.0	1.1	1.1	0.0	2.4	1.1	0.0	
RECYCLING EQUIP CREDIT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
WATER/SEWER BONDS	1.2	1.2	1.2	0.0	0.0	0.0	0.0	
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
CITY & COUNTY TOURIST	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
SCHOOL DESEGREGATION	6.0	6.0	6.0	0.0	-0.3	0.0	0.0	
EDUCATIONAL EXCELLENCE	25.1	26.3	26.1	-0.2	-0.7	1.1	4.2	
EDUCATIONAL ADEQUACY	2.2	2.3	2.3	0.0	0.4	0.1	4.2	
<b>TOTAL DEDUCTIONS</b>	<b>65.2</b>	<b>64.8</b>	<b>69.5</b>	<b>4.7</b>	<b>7.3</b>	<b>4.3</b>	<b>6.6</b>	
<b>NET AVAILABLE</b>	<b>464.1</b>	<b>465.6</b>	<b>467.4</b>	<b>1.8</b>	<b>0.4</b>	<b>3.2</b>	<b>0.7</b>	

REVENUE FORECAST SUMMARY FOR DECEMBER

DECEMBER GROSS	\$ 6.5 MILLION OR 1.2% ABOVE FORECAST
DECEMBER NET AVAILABLE	\$ 1.8 MILLION OR 0.4% ABOVE FORECAST

1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.